

Electric Industry Restructuring in New York

Updated 4/1/02

Unlike most other states that are implementing restructuring, New York has not adopted restructuring legislation. Instead, the New York Public Service Commission (“NY PSC”) is implementing restructuring through a series of separate settlement agreements with each of the major utilities and a series of orders. The settlement agreements differ in many respects and, as a result, there is not a single, uniform approach to restructuring in New York. The Long Island Power Authority (LIPA) is also implementing electric restructuring. It is not subject to the jurisdiction of the NY PSC and has its own approach to restructuring.

Customer choice: New York phased in customer choice. The phase-in schedule varied by utility. Some customers had choice as early as 1998; all customers had choice by February 2002.

Provider of last resort: The utilities serve as the provider of last resort, providing power to customers who have not chosen a competitive supplier.

Savings: The level of savings differs across the settlement agreements and also across customer classes. In most cases, the savings are greater for large industrial customers than they are for other customers.

Stranded costs: Utilities are collecting stranded costs pursuant to the terms of the individual settlement agreements. The utilities are divesting some or all of their generating assets.

Billing and metering: Customers may choose whether to receive a combined bill from the utility or from their competitive energy supplier. Metering is competitive for customers with demands of 50 kW or greater.

Energy efficiency: The investor-owned utilities are funding energy efficiency programs through a Systems Benefits Charge (“SBC”). The SBC was initially established in 1998 for three years at an annual budget of \$78 million. In January 2001, the NY PSC extended the program for an additional five years and increased the annual budget to \$150 million. The New York State Research and Development Authority (NYSERDA) administers the SBC funds. LIPA has its own set of energy efficiency renewable energy programs. The budget for these programs is \$160 million over five years.

Renewable energy: Some of the SBC funds are used to support renewable energy R&D.

Switching Statistics: The New York Department of Public Service publishes statistics regarding the number of customers that have switched to a competitive power supplier.

New York Switching Statistics
as of 11/30/01

Customer Class	No. of Customers	% of Customers
Residential	240,759	4.6%
Non-Residential	46,384	6.3%
TOTAL	287,143	4.8%

Note: These figures do not include the Long Island Power Authority

The New York Department of Public Service publishes updated switching statistics on its web site at: www.dps.state.ny.us/Electric_RA_Migration.htm.

Mergers: Since 1998, six mergers have been announced involving New York electric utilities.

Long Island Lighting Company and KeySpan Energy (parent of Brooklyn Union Gas Company) merged to form MarketSpan Corporation. The transaction closed in May 1998.

Long Island Power Authority (LIPA) acquired the distribution, transmission and nuclear generating assets of Long Island Lighting Company. (LIPA was created in 1986 as a political subdivision of the state of New York.) The transaction closed in May 1998. The company serves approximately 1.1 million customers.

Consolidated Edison, Inc. (parent of Consolidated Edison of New York, Inc.) acquired Orange & Rockland Utilities, Inc. The merger was announced in May 1998 and closed in July 1999. The sales price was approximately \$790 million. The combined company serves approximately 3.3 million electric customers, 1.2 million gas customers, and 2,000 steam customers.

Energy East Corporation, holding company for New York State Electric & Gas Corporation, acquired CMP Group, holding company for Central Maine Power Company. The transaction was announced June 15, 1999 and closed September 1, 2000. The combined company serves 1.4 million electric customers and 600,000 natural gas customers.

National Grid USA, parent of Massachusetts Electric (MA), Narragansett Electric (RI), and Granite State Electric (NH) acquired Niagara Mohawk (NY). The transaction was announced on September 5, 2000 and closed January 31, 2002. Niagara Mohawk will continue to operate under its current name. The sale price was approximately \$3 billion. The combined company is the eighth largest electric utility in the US and has approximately 3.3 million electricity customers and 540,000 natural gas customers.

Energy East Corporation, holding company for New York State Electric & Gas Corporation (NY), has announced plans to acquire RGS Energy Group, holding company for Rochester Gas and Electric (NY). The transaction was announced on February 20, 2001. The combined company will serve nearly 3 million customers, including 1.8 million electric customers, nearly 1 million gas customers, and approximately 200,000 other retail energy customers.

New York Electric Utilities

Utility	Electric Customers	Web Site
Consolidated Edison	3,055,000	www.coned.com
Niagara Mohawk Power Corp.	1,550,000	www.niagaramohawk.com
Long Island Power Authority	1,100,000	www.lipower.org
New York State Electric & Gas	825,000	www.nyseg.com
Rochester Gas & Electric	351,000	www.rge.com
Orange and Rockland Utilities	276,000	www.oru.com
Central Hudson Gas & Electric	271,000	www.cenhud.com

More Information

For more information, please contact:

New York Public Service Commission

3 Empire State Plaza

Albany, NY 12223

Restructuring info line: 888-ASK-PSC1 (Toll-free New York)

Website: www.dps.state.ny.us

The website contains a consumer guide to electric restructuring, a list of licensed competitive electric suppliers, a timetable for retail competition in the various service territories, data regarding the number of customers that have switched to a competitive supplier, summaries of the restructuring settlement agreements, and the NY PSC's rules and orders regarding restructuring.

NYSERDA

Corporate Plaza West

286 Washington Ave. Extension

Albany, NY 12203

P: 518-862-1090

Website: www.nyserda.org

The website contains information on the System Benefits Charge Plan.